

### **REMARKS/ARGUMENTS**

Claims 2-9, 12-26, and 28-30 are currently pending in the application. Claims 2-9, 12-26, and 28-30 were rejected in the Office Action mailed December 8, 2009 (hereinafter referred to as "Office Action").

This amendment is being submitted with a Request for Continued Examination and a petition for a three month extension of time to extend the due date from March 8, 2010 to June 8, 2010. A credit card authorization for the required fees is being submitted herewith. The Commissioner is hereby authorized to charge any additional fees, or credit any refunds, to Chalker Flores, LLP's Deposit Account No. 50-4863.

In view of the following remarks and amendments, applicant respectfully requests a timely Notice of Allowance be issued in this case.

#### ***Claim Rejections under 35 U.S.C. § 103(a)***

Claims 24, 2-9, and 28 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Care Entrée (<http://web.archive.org/web/200102025005600/careentree.com>, 2001) in view of Lipton, et al. ("Pharmacy benefit management companies: Dimensions of performance," Annual Review of Public Health, Palo Alto: 1999, Vol. 20, p. 361), further in view of Goch ("A New Card Deal." Best's Review, Oldwick: July 2002, Vol. 103 (3) p. 73). Applicant respectfully submits that claims 24, 2-9, and 28, as amended, are patentable over the cited references for at least the reasons described below.

Claims 12-23, 25-26, and 29-30 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Care Entrée in view of Lipton and Goch as applied to claim 24 above, and further in view of Ferguson, et al. (U.S. Patent No. 5,819,092). Applicant respectfully submits that claims 12-23, 25-26, and 29-30, as amended, are patentable over the cited references for at least the reasons described below.

#### ***Claims 24-26 and 28-30***

Applicant respectfully submits that claims 24-26 and 28-30 are allowable under 35 U.S.C. § 103(a) because the cited references do not disclose, teach or suggest all of the element recited in claims 24-26 and 28-30 for at least the following reasons.

##### **1. Multi-level marketing.**

The Office Action interpreted "one of the incentives comprises paying a portion of each received membership fee into a multi-level marketing matrix" to mean paying fees paid by the members to the network providers or the doctors or passing savings on to

members. (page 14, lines 12-19). Applicant respectfully submits that the term “multi-level marketing” or MLM (including a MLM payment matrix) is a well known term that is not consistent with the meaning stated in the Office Action or with anything within the Care Entrée reference. For example and without limiting the present invention, Wikipedia describes a MLM matrix plan as:

This type of plan is similar to a Uni-Level plan, except there is also a limited number of representatives who can be placed on the first level. Recruits beyond the maximum number of first level positions allowed are automatically placed in other downline (lower level) positions. Matrix plans often have a maximum width and depth. When all positions in a representative's downline matrix are filled (maximum width and depth is reached for all participants in a matrix), a new matrix may be started. Like Uni-Level plans, representatives in a matrix earn unlimited commissions on limited levels of volume with minimal sales quotas.

([http://en.wikipedia.org/wiki/Multi-level\\_marketing#Compensation\\_plans](http://en.wikipedia.org/wiki/Multi-level_marketing#Compensation_plans)). Applicant respectfully submits that the Office Action's interpretation of the claims is inconsistent with the ordinary meaning of the terms “multi-level marketing network”, “multi-level marketing matrix” and “incentives” when viewed in light of the specification.

Moreover, applicant respectfully submits that the Care Entrée reference does not disclose, teach or suggest the use of a “multi-level marketing network”, “multi-level marketing matrix” and associated “incentives” in connection with providing medical services or goods. Paying a membership fee by itself does not disclose, teach or suggest a multi-level marketing network. Using the logic of the Office Action, every professional organization or club is a MLM because a membership fee is paid. Likewise, passing savings on to its members would render every discount program or collective buying organization a MLM. The other references do not cure this deficiency.

Furthermore, applicant respectfully submits that it would not have been obvious to one of ordinary skill in the art at the time the invention was made to change Care Entrée into a multi-level marketing company because such a modification would “change the principle of operation of the prior art invention [Care Entrée] being modified.” MPEP § 2143.01 (VI). As a result, “the teachings of the references are not sufficient to render the claims *prima facie* obvious.” MPEP § 2143.01 (VI).

## 2. Discount price lists.

Applicant respectfully submits that the Office Action's interpretation of “[p]roviding the directory of providers in the member's area” to disclose that “they can access the published rates for the geographic area associated with the member” (page 15, lines 11-12) amounts to impermissible hindsight because Care Entrée does not disclose, teach or suggest that geographic prices lists are made available to members, and the

prices shown in the reference are merely average examples used for advertising purposes only. See M.P.E.P. 2142. There is absolutely no indication that actual price lists are provided to members on a geographic basis.

3. Lipton, Goch and Ferguson.

In *KSR International, Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1739 (2007), the Court stated that “a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.” *Id.* at 1741 (Emphasis added).

In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a *prima facie* case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). See also *In re Piasecki*, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984). It is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. *Id.* at 1073, 5 USPQ2d at 1598. In so doing, the examiner is expected to make the factual determinations set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), *viz.:* (1) the scope and content of the prior art; (2) the differences between the prior art and the claims at issue; and (3) the level of ordinary skill in the art. In addition to these factual determinations, the examiner must also provide “some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006) (cited with approval in *KSR Int'l v. Teleflex Inc.*, 127 S. Ct. 1727, 1741, 82 USPQ2d 1385, 1396 (2007)).

Absent such a *prima facie* case, the applicant is under no obligation to produce evidence of nonobviousness. To establish a *prima facie* case of obviousness, three basic criteria must be met: *Id.* First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. *Id.* Second, there must be a reasonable expectation of success. *Id.* Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. *Id.* The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant’s disclosure. *Id.*

Applicant respectfully submits that the Office Action does not satisfy the foregoing criteria in combining the references because the cited portions of the references do not support the conclusions made in the Office Action as follows:

The Office Action indicated that Lipton cures this deficiency by teaching the discount price list regulates the cost of services/goods provided to the members by the medical service/good provider such that the members pay the medical service/good providers in paragraph 30. (page 6, lines 11-14). The cited portion of Lipton states:

On the other end of the continuum, there are true "carve-out PBMs," wherein employers, business coalitions, unions, and other clients contract separately with the PBM and the managed care organization or insurer (see Figure 1). Under these arrangements, the payers (insurers and health plans) and the PBM are financially independent of one another, that is, the drug premium is not funneled through the health plan or insurer, but rather is paid directly to the PBM. Theoretically it can be argued that, under this type of "true" carveout arrangement, there is a minimal probability of aligning financial/clinical incentives across pharmacy and medical services. Indeed, there is the potential for "perverse" incentives (i.e. incentives for the health plan and the PBM to shift costs to one another). Such untoward consequences could be mitigated if the benefits administrator is able to merge pharmacy and medical databases.

Applicant fails to see how this portion of Lipton teaches that "the discount price list regulates the cost of services/goods provided to the members by the medical service/good provider such that the members pay the published rate on the discount price list for the services/goods rendered by the medical service/good provider" as recited in claims 24-26 and 28-30.

Furthermore, applicant respectfully submits that Lipton merely discusses traditional pharmacy benefit management companies as they existed in 1999 (Abstract). In addition, the discount lists in Lipton are not provided to the individuals or members to which the services/goods are provided. Instead, the discounts described in Lipton are provided are between the PBM and the insurance company, pharmacies and/or the pharmaceutical companies (paragraph 7, lines 9-11). As a result, Lipton does not cure the deficiencies of Care Entrée.

The Office Action indicated that Goch cures this deficiency by teaching a method where the payment in full directly for any services/good rendered to the members based on the discount price list in paragraph 20 (page 7, lines 6-8). The cited portion of Goch states:

Care Entrée also assists members who don't opt for the high-- deductible major-medical coverage in locating the lowest rates for hospital procedures. Members notify the plan for precertification, and an appropriate hospital is located. The member is asked to place \$1,000 into an escrow account or on a major credit

card. "We don't want the message to be 'you can't afford it-too bad.' We do our best to uncover financial issues up front and resolve them before the procedure," Collins said.

Applicant respectfully submits that placing \$1,000 into an escrow account or on a major credit card does not disclose, teach or suggest that "the members pay the published rate on the discount price list for the services/goods rendered by the medical service/good provider in-full directly to the medical service/good provider at the time the services/goods are rendered to the members by the medical service/provider thereby providing direct, immediate and full payment to the medical service/provider without any review by the health care plan or a third-party" as recited in claims 24-26 and 28-30. As a result, applicant respectfully submits that Goch does not cure all the stated deficiencies of Care Entrée and Lipton.

Moreover, applicant respectfully submits that it would not have been obvious to one of ordinary skill in the art at the time the invention was made to provide members with a medical service/good provider listing containing basic and premium listings for the medical service/good providers because the insurance, HMO, PBM, and PPO industries teach against any sort of favoritism or competition among medical service/good providers offered directly to individuals within their networks. As a result, the modifications identified in the Office Action would "change the principle of operation of the prior art invention [Care Entrée and Lipton] being modified." MPEP § 2143.01 (VI). As a result, "the teachings of the references are not sufficient to render the claims *prima facie* obvious." MPEP § 2143.01 (VI).

In addition, applicant respectfully submits that it would not be obvious to combine the non-Internet based systems of Care Entrée, Lipton and Goch with Ferguson's "software development tool.

Moreover, applicant respectfully submits that it would not have been obvious to one of ordinary skill in the art at the time the invention was made to provide members with a medical service/good provider listing containing basic and premium listings for the medical service/good providers such that "the discount price list regulates the cost of services/goods provided to the members by the medical service/good provider such that the members pay the published rate on the discount price list for the services/goods rendered by the medical service/good provider in-full directly to the medical service/good provider at the time the services/goods are rendered to the members by the medical service/provider thereby providing direct, immediate and full payment to the medical service/provider without any review by the health care plan or a third-party" as recited in claims 24-26 and 28-30 because the insurance, HMO, PBM, and PPO industries teach against any sort of favoritism or competition among medical service/good providers offered directly to individuals within their networks. Even the Care Entrée program negotiates the prices directly with the medical providers to get the same discounts as the insurance, HMO, PBM, and PPO entities. The Care Entrée program does not allow or

promote competition among medical providers. Finally, these programs require large amounts of staff, paperwork and oversight that are eliminated by the inventions recited in claims 24-26 and 28-30.

For at least the reasons stated above, applicant respectfully submits that Care Entrée, Lipton, Goch and Ferguson, either alone or in combination, do not disclose, teach or suggest every element recited in claims 24-26 and 28-30. Accordingly, applicant respectfully submits that claims 24-26 and 28-30 are not obvious over Care Entrée, Lipton, Goch and Ferguson and are, therefore, allowable under 35 U.S.C. § 103(a). Applicant respectfully requests that the rejection of claims 24-26 and 28-30 be withdrawn.

#### ***Claims 2-9 and 12-23***

Applicant respectfully submits that claims 2-9 and 12-23 depend from claim 24, as amended, which is allowable for the reasons stated above, and further distinguish over the cited references. Claims 2-9 and 12-23 are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicant respectfully requests that any rejection of claims 2-9 and 12-23 be withdrawn.

With respect to claim 2, applicant respectfully submits that the cited references do not disclose, teach or suggest use of a variable discount price list that tracks a known standard service/good price list because the cited reference do no disclose, teach or suggest a discount price list for the reason described above in reference to claims 24-26 and 28-30. Moreover, applicant respectfully submits that it would not have been obvious to one of ordinary skill in the art at the time the invention was made for a network to provide members with a variable discount price list because the insurance, HMO, PBM, and PPO industries teach against any sort of competition among medical service/good providers offered directly to individuals within their networks. As a result, the modifications identified in the Office Action based on Ferguson would “change the principle of operation of the prior art invention [Care Entrée and Lipton] being modified.” MPEP § 2143.01 (VI). As a result, “the teachings of the references are not sufficient to render the claims *prima facie* obvious.” MPEP § 2143.01 (VI). Accordingly, claim 2 is not obvious over the cited references and are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicant respectfully requests that the rejection of claim 2 be withdrawn.

#### ***Conclusion***

For the reasons set forth above, applicant respectfully requests reconsideration by the examiner and withdrawal of the rejections. Applicant submits that claims 2-9, 12-26, and 28-30 as amended, are fully patentable. Applicant respectfully requests that a timely Notice of Allowance be issued in this case. If the examiner has any questions or

comments, or if further clarification is required, it is requested that the examiner contact the undersigned at the telephone number listed below.

Dated: June 8, 2010

Respectfully submitted,

CHALKER FLORES, LLP

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